



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
 )  
JOHN G. RALLO; and FFH HOLDINGS, LLC, ) Case No.: AP-19-07  
 )  
 Respondents. )  
 )

**FINAL ORDER TO CEASE AND DESIST AND ORDER AWARDING RESTITUTION,  
CIVIL PENALTIES, AND COSTS AS TO RESPONDENTS JOHN G. RALLO AND FFH  
HOLDINGS, LLC**

Now on this 21<sup>st</sup> day of June, 2019, the Missouri Commissioner of Securities (“the Commissioner”), having reviewed this matter, issues the following findings and order:

**I. PROCEDURAL BACKGROUND**

1. On May 6, 2019, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“the Enforcement Section”), through Director of Enforcement Steven C. Reed, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“the Petition”).
2. On May 10, 2019, the Commissioner issued an Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (“the Order”). On that same day, the Securities Office Manager sent a copy of the Order and Notice of Right to Request a Hearing, via U.S. Certified mail, return receipt requested, to Respondents’ last known addresses that included: 7701 Forsyth Boulevard, Suite 850, St. Louis, Missouri, 63105; 7433 South 3500 East, Salt Lake City, Utah, 84121; and 1311 Boly Lane, Ballwin, Missouri, 63021.
3. On or around May 10, 2019, a copy of the Order was made available to the general public on the Missouri Secretary of State’s website.<sup>1</sup>

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<sup>1</sup> <https://www.sos.mo.gov/CMSImages/Securities/AP-19-07.pdf>

4. On or around May 13, 2019, Respondent Rallo's criminal defense attorney acknowledged in a St. Louis Post-Dispatch article that Respondent Rallo was served with the Order.<sup>2</sup>
5. Respondent Rallo signed the mail receipt for the Order mailed to the Ballwin address on or around May 20, 2019. The Order mailed to the St. Louis address was returned undelivered. On an unknown date, Respondent Rallo signed the mail receipt card for the Order mailed to the Utah address.
6. Respondents have failed to request a hearing on the Order in compliance with 15 CSR 30-55.020 within the time allowed by Section 409.6-604.<sup>3</sup>
7. The Commissioner has not ordered a hearing in this matter pursuant to Section 409.6-604.
8. To date, the Respondents have failed to respond to the Motion for Final Order.

## **II. FINDINGS OF FACT**

### **A. Respondent and Related Parties**

9. John G. Rallo ("Rallo") is a 53 year-old Ballwin, Missouri, resident with a last known address of 1311 Boly Lane, Ballwin, Missouri 63021.
10. A check of the Central Registration Depository ("CRD") indicates that at all times relevant, Rallo was not registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent.
11. FFH Holdings, LLC ("FFH"), is a Missouri limited liability company organized on June 17, 2015, with an address of 7701 Forsyth Boulevard, Suite 850, St. Louis, Missouri 63105. Rallo is the registered agent for FFH.
12. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for any securities issued by FFH.
13. Food For Health International, LLC ("FFHI"), is a Utah limited liability company organized on January 30, 2004, with an address of 3250 West Professional Circle, Salt Lake City, Utah 84104. Rallo is the registered agent for FFHI.
14. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for any securities issued by FFHI.
15. 7701 Holdings, LLC, is a Missouri limited liability company organized on March 10, 2015,

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<sup>2</sup> [https://www.stltoday.com/news/local/crime-and-courts/stenger-crony-accused-of-bilking-investors-out-of-million/article\\_9a0a57f3-49f0-5b9f-af04-312478ef1600.html](https://www.stltoday.com/news/local/crime-and-courts/stenger-crony-accused-of-bilking-investors-out-of-million/article_9a0a57f3-49f0-5b9f-af04-312478ef1600.html)

<sup>3</sup> Unless otherwise noted, all statutory references are to the 2016 Revised Statutes of Missouri.

with an address of 7701 Forsyth Boulevard, Suite 850, St. Louis, Missouri 63105. Rallo is the registered agent for 7701 Holdings, LLC.

16. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by 7701 Holdings, LLC.
17. B&B Packaging Group, LLC, is a Missouri limited liability company organized on August 5, 2015, with an address of 7701 Forsyth Boulevard, Suite 850, St. Louis, Missouri 63105. Rallo is the registered agent for B&B Packaging Group, LLC.
18. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by B&B Packaging Group, LLC.
19. Cardinal Insurance Group, LLC is a Missouri limited liability company organized on February 7, 2005, with an address of 8000 Maryland Avenue, Suite 1150, Clayton, Missouri 63105. Andrew Weinhaus is the registered agent for Cardinal Insurance Group, LLC.
20. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption, or notice filing indicating status as a “federal covered security” for any securities issued by Cardinal Insurance Group, LLC.

**B. Enforcement Section’s Investigation**

**Missouri Resident 1 (“MR1”)**

21. A 42 year-old Wildwood, Missouri resident (“MR1”) met Rallo through a neighbor sometime in August 2015.
22. Rallo solicited MR1 to invest in FFH. Rallo described the investment to MR1 as buying interest in FFHI to buy and sell coconut powder to Costco and Sam’s Club.
23. Rallo purported to MR1 that Rallo had already invested \$250,000 of Rallo’s own funds into FFHI.
24. In or around August 2015, MR1 invested \$125,000 in FFH via wire transfer to FFH’s bank account.
25. Rallo provided MR1 an unexecuted FFH Subscription Agreement that stated among other things, the following:
  - a. Rallo is identified as the Manager; and
  - b. “Neither the Securities and Exchange Commission (the ‘SEC’) nor any state

securities commission has approved the securities offered pursuant to the Subscription Documents or passed upon or endorsed the merits of the issuance of Membership Interests or confirmed the accuracy or determined the adequacy of any other information provided to the Purchaser. The Subscription Documents have not been reviewed by any Federal, state, or other regulatory authority.”

26. Rallo provided MR1 FFH’s Operating Agreement that stated, among other things, the following:

- a. Rallo is identified as the Managing Member;
- b. “All Capital Contributions shall be expended in furtherance of the business of the Company. Capital Contributions shall not be commingled with the funds of any other Person or entity, except that the funds may be deposited in an account in the name of the Company in a bank or other financial institution as the Managers shall deem appropriate.”;
- c. the Manager cannot “Possess property of the Company, or assign rights in property of the Company other than a purpose of the Company.”;
- d. the Manager “at all times shall operate and manage the business and affairs of the Company consistent with duties of loyalty and care and shall discharge its duties under this Agreement and exercise any rights in good faith and fair dealing.”;
- e. “The Manager shall not receive compensation in consideration of the performance of the duties and responsibilities of the Manager.”; and
- f. “All funds of the Company shall be deposited in the name of the Company in an account or accounts maintained with such bank or banks collectively selected by the Managers. The funds of the Company shall not be commingled with the funds of any other Person. Checks shall be drawn upon the Company account or accounts only for the purposes of the Company and shall be signed by authorized Persons on behalf of the Company.”

27. After Rallo’s business venture with FFHI purportedly fell through, Rallo told MR1 that Rallo/FFH entered into a promissory note with FFHI and its then-president. Rallo supplied MR1 with a copy of this note that stated, among other things, the following:

- a. the top of the note is dated May 25, 2016;
- b. the note amount is \$1,113,976 with a yearly rate of interest of 4% and a loan period of 18 months;
- c. “Payment in full including interest will be made on or before Dec. 31, 2017. If payment is not made in full by due date, interest will be increased to 8% on outstanding balance until it is paid in full.”; and

- d. the note is signed by Rallo and FFHI's then-president and is dated June 15, 2016.
28. Sometime after the Promissory Note was executed between FFH and FFHI, Rallo told MR1 that FFHI was sold to another company.
  29. From approximately April 2017 to September 2017, MR1 received about \$4,407 in interest payments from Rallo before the payments stopped.
  30. Rallo blamed the then-president of FFHI for the failed investment purporting that the investment funds were mismanaged.
  31. MR1 performed no duties and had no responsibilities after making the investment.

**Missouri Resident 2 ("MR2")**

32. A 48 year old St. Louis, Missouri resident ("MR2") met Rallo through a coworker.
33. Rallo solicited MR2 to invest in FFH's business of buying and selling coconut powder to, among others, Costco and Sam's Club, through FFHI.
34. Sometime prior to or after the investment, Rallo supplied MR2 with FFH's Operating Agreement and an unexecuted Subscription Agreement for FFH.
35. Rallo later gave MR2 a copy of a promissory note between FFH and FFHI that is described above.
36. On or around May 2016, MR2 wired \$250,000 to FFH's bank account.
37. From approximately April 2017 to September 2017, MR2 received about \$4,337.52 in interest payments from Rallo before the payments stopped.
38. Rallo purported to MR2 that FFHI was in financial distress and would possibly file bankruptcy. Rallo also purported that FFHI's then-president mismanaged the investment funds.
39. MR2 performed no duties and had no responsibilities after making the investment.

**Missouri Resident 3 ("MR3")**

40. A 58 year old St. Louis, Missouri resident ("MR3") met Rallo through a coworker sometime in July 2015.
41. Rallo told MR3 about FFH and its potential investment in FFHI regarding buying and selling coconut powder to Costco and Sam's Club.

42. Rallo supplied MR3 with a payout schedule that showed what the investor could expect to receive based on the amount of sales in coconut powder.
43. Rallo purported to MR3 that Rallo had invested a substantial amount of Rallo's personal funds into FFH.
44. On or around September 16, 2015, MR3 invested \$125,000 in FFH.
45. Rallo supplied MR3 with FFH's Operating Agreement. Later, Rallo gave MR3 a copy of a promissory note between FFH and FFHI that is described above.
46. From approximately April 2017 to September 2017, MR3 received about \$4,407 in interest payments from Rallo before the payments stopped.
47. Rallo told MR3 the investment funds were mismanaged by FFHI's then-president and that an entity that purchased FFHI was going to file bankruptcy.
48. MR3 performed no duties and had no responsibilities after making the investment.

#### **Utah Resident ("UR")**

49. A 58 year old Utah resident ("UR") met Rallo through a mutual friend sometime in early 2015.
50. Rallo solicited UR to invest in FFH. Rallo described the investment as an arrangement with FFHI to buy and sell coconut powder to Costco and Sam's Club.
51. Rallo purported that Rallo invested \$700,000 of Rallo's own funds in FFH and that Rallo held a 65% interest in FFH.
52. Rallo supplied UR with FFH's Operating Agreement.
53. In or around August 2015, UR invested \$400,000 in FFH.
54. From approximately April 2017 to September 2017, UR received about \$9,854.84 in interest payments from Rallo before the payments stopped.
55. Rallo blamed the failed investment on the then president of FFHI and claimed the entity that purchased FFHI was going to file bankruptcy.
56. UR performed no duties and had no responsibilities after making the investment.

#### **Missouri Resident 4 ("MR4")**

57. A 48-year old Wildwood, Missouri resident ("MR4") met Rallo through a relative of Rallo's who told MR4 about a potential investment through FFH.

58. Rallo told MR4 about FFH's operation related to buying and selling coconut powder to Costco and Sam's Club by investing in interests in FFHI.
59. Rallo shared a PowerPoint presentation and other marketing materials with MR4 related to the purported operation of buying and selling coconut powder.
60. Rallo purported to MR4 that Rallo had invested \$250,000 of Rallo's own funds in FFH.
61. Prior to the investment, MR4 flew to Utah, toured FFHI's 200,000 square foot facility, and met with the then-president of FFHI. MR4 noticed the facility had a sign displayed that indicated FFHI was an approved Costco dealer.
62. From approximately August 2015 to January 2016, MR4 made investments in FFH totaling \$339,000.
63. Sometime after making the investments, Rallo supplied MR4 with FFH's Operating Agreement.
64. Sometime after making the investments, Rallo gave MR4 a copy of a promissory note between FFH and FFHI described above.
65. From approximately April 2017 to September 2017, MR4 received about \$14,307.74 in interest payments from Rallo before the payments stopped.
66. Rallo blamed the then-president of FFHI for the failed investment.
67. MR4 performed no duties and had no responsibilities after making the investments.

**Missouri Resident 5 ("MR5")**

68. A 37 year old O'Fallon, Missouri resident ("MR5") was solicited by Rallo to invest in FFH.
69. Rallo explained to MR5 that FFH would invest the funds in FFHI and that FFHI processed coconut powders to sell to, among others, Costco.
70. Prior to the investment, MR5 met with FFHI's then-president in Utah and in St. Louis.
71. MR5 invested about \$83,000 in FFH on or around August 2015.
72. Rallo gave MR5 FFH's Operating Agreement. Later, Rallo gave MR5 a copy of a promissory note between FFH and FFHI described above.
73. MR5 received "very minimal" payments back after making the investment.
74. Rallo blamed the then-president of FFHI for the failed investment.

75. MR5 performed no duties and had no responsibilities after the investment.

### **Rallo's Response to the Enforcement Section**

76. On or around March 2, 2018, Rallo responded to a letter requesting information from the Enforcement Section.
77. Rallo identified all investors above, with the exception of MR5, and indicated a total of \$1,161,400 was received from the investors.
78. The investment amounts Rallo received from each investor appeared to match what the investors told the Enforcement Section they invested, with the exception of UR. Rallo indicated UR invested \$320,000, not \$400,000 as UR had stated to the Enforcement Section.
79. Rallo wired a total of \$1,158,400 to FFHI for the investment in coconut powder that was to be sold to Costco and Sam's Club.
80. Rallo requested FFHI enter into a promissory note with FFH since FFHI was having "financial problems." The then-president never made a payment on the note.
81. In March 2017, Rallo convinced the new owners of FFHI to pay on the note, which they did until about September 2017. In October 2017, the new owners of FFHI informed Rallo they could no longer afford to make payments on the note.
82. Rallo received no commissions or other payments for the investments in FFH.
83. All total, Rallo paid back approximately \$37,514.10 in returns to investors.
84. In October 2017, Rallo began serving as FFHI's CEO and started recapitalizing the business in an effort to make it successful. Rallo intended to move to Utah to oversee operations.

### **Bank Records Review**

85. The Enforcement Section reviewed the following bank accounts associated with Rallo and/or FFH:
- a. FFH's US Bank account ending in #6367;
  - b. Cardinal Insurance Group, LLC US Bank account ending in #6515;
  - c. 7701 Holdings, LLC US Bank account ending in #3649;
  - d. Brentwood Capital Partners, LLC US Bank account ending in #3785;



- e. FFH's St. Louis Bank account ending in #3179; and
- f. B&B Packaging Group, LLC's St. Louis Bank account ending in #3161 and #6644.

86. The following deposits were noted by the Enforcement Section:

<b>Investor</b>	<b>Deposit Date</b>	<b>Deposited Amount</b>	<b>Account Deposited</b>	<b>Bank Name</b>	<b>Ending Account #</b>
MR1	8/27/2015	\$125,000	FFH	US Bank	#6367
MR2	8/6/2015	\$230,000	FFH	US Bank	#6367
MR2	8/12/2015	\$20,000	Cardinal Ins. Group	US Bank	#6515
MR3	9/16/2015	\$125,000	FFH	US Bank	#6367
MR4	8/6/2015	\$250,000	FFH	US Bank	#6367
MR4	1/8/2016	\$75,000	FFH	St. Louis Bank	#3179
MR4	2/22/2016	\$13,400	FFH	St. Louis Bank	#3179
MR4	6/22/2016	\$1,500	FFH	St. Louis Bank	#3179
UR	8/26/2015	\$320,000	7701 Holdings	US Bank	#3649
UR	10/30/2015	\$80,000	FFH	US Bank	#6367
MR5	8/6/2015	\$83,333	7701 Holdings	US Bank	#3649

**Total Amount Deposited        \$1,323,233**

87. The following payments to FFHI were noted by the Enforcement Section:

- a. from August 6, 2015 to October 29, 2015, \$1.1 million was wired to FFHI from FFH's US Bank account ending in #6367;
- b. from November 25, 2015 to July 5, 2016, \$127,060.56 in wires and checks payable to FFHI from the FFH St. Louis Bank account ending in #3179;
- c. a \$100,000 wire to FFHI from the Brentwood Capital Partners, LLC US Bank account ending in #3785 on March 21, 2017; and

- d. from March 1, 2018 to March 2, 2018, \$108,258.59 in wires to FFHI from the B&B Packaging Group, LLC's St. Louis Bank account ending in #6644.
88. The following payments to FFH from FFHI were noted by the Enforcement Section:
- a. from March 3, 2016 to March 2, 2018, \$1,050,677.21 in wires and checks from FFHI was deposited into B&B Packaging Group, LLC's St. Louis Bank account ending in #3161 and #6644;
  - b. from May 5, 2016 to September 12, 2017, \$81,780.56 in checks payable to FFH deposited into FFH's St. Louis Bank account ending in #3179; and
  - c. from October 31, 2017 to February 21, 2018, \$40,552.88 in wires and checks from FFHI deposited into Brentwood Capital Partners, LLC's US Bank account ending in #3785.
89. The Enforcement Section noted that from April 3, 2017 to September 28, 2017, approximately \$38,832.44 was paid back to investors from FFH's St. Louis Bank account ending in #3179.
90. Evidence received by the Enforcement Section shows that Rallo spent most of the funds received back from FFHI on other businesses under Rallo's control.

### **III. CONCLUSIONS OF LAW**

91. Because Respondents failed to request a hearing within the time allowed by Section 409.6-604, and because the Commissioner never ordered such a hearing, the Order issued on May 10, 2019, against Respondents became **FINAL** by operation of law.

#### **Multiple Violations of Offering and Selling Unregistered, Non-Exempt Securities**

92. **THE COMMISSIONER CONCLUDES** that Respondents offered and/or sold unregistered, nonexempt securities in the State of Missouri to, among others, MR1, MR2, MR3, UR, MR4, and MR5 (collectively, "Investors") by, among other things:
- a. soliciting individuals to invest in FFH and receiving funds from the Investors;
  - b. the Investors invested funds in a common enterprise with Respondent Rallo;
  - c. the Investors' funds were to be used by Respondents in furtherance of buying and selling coconut powder to retail businesses;
  - d. the Investors expected a profit from the efforts of Respondents and not from the Investor's own efforts; and

- e. the Investors' expected profits were interwoven with and dependent upon the efforts of Respondents.
- 93. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26).
- 94. "Investment contract" is enumerated in the list of items that are securities in Section 409.1-102(28). The investments Respondent Rallo offered and sold to the Investors are investment contracts.
- 95. At all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and/or sold by Respondents.
- 96. Respondents offered and/or sold securities in Missouri without these securities being (1) federal covered securities, (2) exempt from registration under Sections 409.2-201 or 409.2-203, or (3) registered under the Missouri Securities Act of 2003, in violation Section 409.3-301.
- 97. Respondents' conduct in violation of Section 409.3-301 constitutes an illegal act, practice, or course of business and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

**Multiple Violations of Transacting Business as an Unregistered Broker-Dealer**

- 98. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent FFH transacted business as an unregistered, non-exempt broker-dealer in the State of Missouri by engaging in the business of effecting transactions in securities for the account of others.
- 99. At all times relevant to this matter, Respondent FFH was not registered as a broker-dealer either with the Securities and Exchange Commission or with the State of Missouri.
- 100. Respondent FFH transacted business in Missouri without being registered or exempt from registration as a broker-dealer in violation of Section 409.4-401(a).
- 101. Respondent's conduct in violation of Section 409.4-401(a), constitutes an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

**Multiple Violations of Transacting Business as an Unregistered Agent**

- 102. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent Rallo transacted business as an unregistered agent in the State of Missouri.
- 103. Rallo was a representative of FFH.

- 104. Rallo offered and/or sold securities to investors on behalf of FFH, by, among other things, offering and/or selling investments to the Investors.
- 105. This activity constitutes transacting business in the State of Missouri under Section 409.1-102(1).
- 106. At all times relevant to this matter, Rallo was not registered as an agent in the State of Missouri.
- 107. Rallo transacted business in Missouri by offering and/or selling securities without being registered or exempt from registration as an agent in violation of Section 409.4-402(a).
- 108. Rallo's conduct is in violation of 409.4-402(a) and constitutes an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

**Multiple Violations of Employing an Unregistered Agent**

- 109. **THE COMMISSIONER FURTHER CONCLUDES** that Respondent FFH employed Rallo who offered and sold securities on behalf of FFH.
- 110. FFH's activities constitute employing and/or associating with an agent in the State of Missouri under Section 409.4-402(d).
- 111. At all times relevant to this matter, FFH had no registration or granted exemption for any agents of FFH to transact business in the State of Missouri.
- 112. FFH employed and/or associated with Rallo, who transacted business in Missouri as an agent without being registered or exempt from registration as an agent, in violation of Section 409.4-402(d).
- 113. FFH's conduct in violation of Section 409.4-402(d) constitutes an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

**Multiple Violations of Making an Untrue Statement, Omitting to State Material Facts or Engaging in An Act, Practice, or Course of Business that Would Operate as a Fraud or Deceit Upon Another Person in Connection with the Offer or Sale of a Security**

- 114. **THE COMMISSIONER FURTHER CONCLUDES** that in connection with the offer, sale or purchase of a security as described above, Respondents made untrue statements to the Investors, and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, telling the Investors that:

- a. all capital contributions would be expended in furtherance of the business of FFH, and that the contributions would not be comingled with the funds of any other Person or entity;
  - b. the manager of the company, Rallo, would operate and manage the business and affairs of FFH consistent with duties of loyalty and care; and
  - c. FFHI was delinquent in making payments to FFH/Rallo, when FFH/Rallo received over \$1 million from FFHI from March 3, 2016 to March 2, 2018.
115. These statements, in light of the circumstances under which they were made, were misleading statements because Respondents, omitted to disclose the following material facts that could impact the return and the viability of MR1, MR2, and MR3, UR, MR4, and MR5's investments:
- a. the financial condition of FFH, FFHI, and Rallo;
  - b. that the investments offered and sold to the Investors were not registered or exempt from registration;
  - c. specific risks associated with the investment;
  - d. that Rallo would keep, rather than send, some investment funds that were to be sent to FFHI; and
  - e. that Rallo failed to inform investors of return payments from FFHI amounting to over \$1 million dollars but only pay approximately \$38,000 back to the Investors falsely claiming that FFHI was delinquent in making the payments.
116. Respondents made untrue statements of material fact, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person in violation of Section 409.5-501.
117. Respondents' conduct in violation of Section 409.5-501 constitutes engaging in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.
118. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. *See* Section 409.6-605(b).

#### **IV. ORDER**

**NOW, THEREFORE,** it is hereby ordered that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described

violations with knowledge of this order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.3-301, by offering or selling any securities as defined by Section 409.1-102(28) in the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301;
- B. Section 409.4-401(a) by transacting business as an unregistered broker-dealer;
- C. Section 409.4-402(a), by transacting business as an unregistered agent;
- D. Section 409.4-402(d), by employing an unregistered agent; and
- E. Section 409.5-501, by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondents shall each pay a civil penalty in the amount of \$10,000 for more than one violation of Section 409.3-301. This amount shall be made payable to the State of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondent FFH shall pay a civil penalty in the amount of \$10,000 for more than one violation of Section 409.4-401(a). This amount shall be made payable to the State of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondent Rallo shall pay a civil penalty in the amount of \$10,000 for more than one violation of Section 409.4-402(a). This amount shall be made payable to the State of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondent FFH shall pay a civil penalty in the amount of \$10,000 for more than one violation of Section 409.4-402(d). This

amount shall be made payable to the State of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondents shall each pay a civil penalty in the amount of \$10,000 for more than one violation of Section 409.5-501. This amount shall be made payable to the State of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(d), Respondents shall pay, jointly and severally, restitution in the amount of \$1,284,740.56 or more for any loss, including the amount of any actual damages that may have been caused by the conduct, and interest at the rate of eight percent annum from the dates set forth in Exhibit A attached to this Order, causing the loss or disgorge any profits arising from the violations of Sections 409.3-301, 409.4-401(a), 409.4-402(a), 409.4-402(d), and 409.5-501. This amount shall be made payable to the Missouri Secretary of State's Investor Restitution Fund, and the Commissioner will take reasonable and necessary actions to distribute such funds to the investors listed in Exhibit B. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102, within 30 days from the date of this Final Order.


**IT IS FURTHER ORDERED** that, pursuant to Section 409.6-604(e), Respondents shall pay, jointly and severally, \$4,417.20 in actual costs for investigation into, and the proceedings associated with, this matter. This amount shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund and paid within 30 days of the date of this Final Order. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 21st DAY OF JUNE, 2019.



JOHN R. ASHCROFT  
SECRETARY OF STATE

  
DAVID M. MINNICK  
COMMISSIONER OF SECURITIES

**CERTIFICATE OF SERVICE**

I hereby certify that on this 21<sup>st</sup> day of June 2019, a true and correct copy of the foregoing Final Order to Cease and Desist and Order Awarding Restitution, Civil Penalties, and Costs as to Respondent John G. Rallo and FFH Holdings, LLC in the above styled case was sent **by certified U.S. mail and email to:**

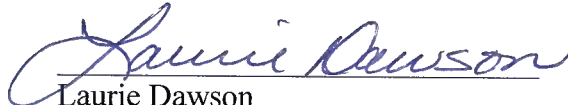
John G. Rallo  
1311 Boly Lane  
Ballwin, Missouri 63021  
john@bcpstl.com

John G. Rallo  
7433 South 3500 East  
Salt Lake City, UT 84121

FFH Holdings, LLC  
John G. Rallo, Managing Member  
7701 Forsyth Boulevard, Suite 850  
St. Louis, Missouri 63105

**And by hand-delivery to:**

Steven C. Reed  
Director of Enforcement  
Missouri Securities Division  
Steven.reed@sos.mo.gov

  
Laurie Dawson  
Securities Office Manager